

IV. THE REGIONAL AND BILATERAL TRACKS

The management of bilateral trade and investment relationships is an exercise in the judicious choice of instruments. With the United States as an example of our bilateral approaches, the WTO and NAFTA provide rules for addressing disputes, and our shared trade regime provides opportunities to work out better solutions to shared problems. As well, we have established customs procedures, defence agreements and regular political and diplomatic contacts to maintain the relationship. Looking to the future, management of the Canada-U.S. trade relationship needs to take into account our increasing economic integration. This means the Government must manage differences over social, cultural and economic policies.

At the same time, regional agreements may explore new commitments and disciplines in areas such as investment, services or competition, making them broader than the multilateral agreements. These innovations may then furnish models for the world trading system. The Canada-Costa Rica

Free Trade Agreement, for example, contains novel provisions on trade facilitation, and the nascent Canada-EU Trade and Investment Enhancement Agreement initiative, announced in December 2002, will aim to complement Doha Development Agenda results. It is also worth recalling how we have proceeded in environmental and labour side agreements so far. This has been a learning experience for us as we have moved from NAFTA, through the Canada-Chile FTA and the Canada-Costa Rica FTA, to the current bilateral negotiations, and it has taught the value of a facilitative approach.

